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United States Department of State

Washington, D.C. 20520

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TO: : NSC - Mr. David Kimmitt
DOD - COL John Stanford
✓CIA - [redacted] 25X1
ACDA - Mr. Joseph Presel
OMB - Mr. Alton Keel

SUBJECT: SFRC Testimony

Please find attached for your information a copy of the testimony on US-USSR Relations scheduled to be delivered by Secretary Shultz to the Senate Foreign Relations Committee on June 15, 1983.

Charles Hill
Executive Secretary

Attachment:
As stated.

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As Prepared for Delivery

US-SOVIET RELATIONS

IN THE CONTEXT OF US FOREIGN POLICY

STATEMENT BY

THE HONORABLE GEORGE P. SHULTZ

BEFORE THE SENATE FOREIGN RELATIONS COMMITTEE

JUNE 15, 1983

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US-SOVIET RELATIONS
IN THE CONTEXT OF US FOREIGN POLICY

Mr. Chairman, distinguished members of this Committee:

I welcome the opportunity to discuss with you our approach to US-Soviet relations in the context of our broader foreign policy.

The management of our relations with the Soviet Union is of utmost importance. That relationship touches virtually every aspect of our international concerns and objectives -- political, economic, and military -- and every part of the world.

We must defend our interests and values against a powerful Soviet adversary that threatens both. And we must do so in a nuclear age, in which a global war would even more thoroughly threaten those interests and values. As President Reagan pointed out on March 31: "We must both defend freedom and preserve the peace. We must stand true to our principles and our friends while preventing a holocaust."

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It is, as he said, "one of the most complex moral challenges ever faced by any generation."

We and the Soviets have sharply divergent goals and philosophies of political and moral order; these differences will not soon go away. Any other assumption is unrealistic. At the same time, we have a fundamental common interest in the avoidance of war. This common interest impels us to work toward a relationship between our nations that can lead to a safer world for all mankind.

But a safer world will not be realized through good will. Our hopes for the future must be grounded in a realistic assessment of the challenge we face and in a determined effort to create the conditions that will make their achievement possible. We have made a start. Every postwar American president has come sooner or later to recognize that peace must be built on strength; President Reagan has long recognized this reality. In the past two years this nation -- the President in partnership with the Congress -- has made a fundamental commitment to restoring its military and economic power and moral and spiritual strength. And having begun to rebuild our strength, we now seek to engage the Soviet leaders in a constructive dialogue -- a dialogue through which we hope to find political solutions to outstanding issues.

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This is the central goal we have pursued since the outset of this Administration. We do not want to-- and need not -- accept as inevitable the prospect of endless, dangerous confrontation with the Soviet Union. For if we do, then many of the great goals that the United States pursues in world affairs -- peace, human rights, economic progress, national independence -- will also be out of reach. We can -- and must -- do better.

With that introduction, let me briefly lay out for this Committee what I see as the challenge posed by the Soviet Union's international behavior in recent years and the strategy which that challenge requires of us. Then I would like to discuss steps this Administration has taken to implement that strategy. Finally, I will focus on the specific issues that make up the agenda for US-Soviet dialogue and negotiation.

Together, these elements constitute a policy that takes account of the facts of Soviet power and of Soviet conduct, mobilizes the resources needed to defend our interests, and offers an agenda for constructive dialogue to resolve concrete international problems. We believe that, if sustained, this policy will make international restraint Moscow's most realistic course, and it can lay the foundation for a more constructive relationship between our peoples.

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I. The Soviet Challenge

It is sometimes said that Americans have too simple a view of world affairs, that we start with the assumption that all problems can be solved. Certainly we have a simple view of how the world should be -- free peoples choosing their own destinies, nurturing their prosperity, peaceably resolving conflicts. This is the vision that inspires America's role in the world. It does not, however, lead us to regard mutual hostility with the USSR as an immutable fact of international life.

Certainly there are many factors contributing to East-West tension. The Soviet Union's strategic Eurasian location places it in close proximity to important Western interests on two continents. Its aspirations for greater international influence lead it to challenge these interests. Its Marxist-Leninist ideology gives its leaders a perspective on history and a vision of the future fundamentally different from our own. But we are not so deterministic as to believe that geopolitics and ideological competition must ineluctably lead to permanent and dangerous confrontation. Nor is it permanently inevitable that contention between the United States and the Soviet Union must dominate and distort international politics.

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A peaceful world order does not require that we and the Soviet Union agree on all the fundamentals of morals or politics. It does require, however, that Moscow's behavior be subject to the restraint appropriate to living together on this planet in the nuclear age. Not all the many external and internal factors affecting Soviet behavior can be influenced by us. But we take it as part of our obligation to peace to encourage the gradual evolution of the Soviet system toward a more pluralistic political and economic system, and above all to counter Soviet expansionism through sustained and effective political, economic, and military competition.

In the past decade, regrettably, the changes in Soviet behavior have been for the worse. Soviet actions have come into conflict with many of our objectives. They have made the task of managing the Soviet-American relationship considerably harder, and have needlessly drawn more and more international problems into the East-West rivalry.

To be specific, it is the following developments which have caused us the most concern:

-- First is the continuing Soviet quest for military superiority even in the face of mounting domestic economic difficulties.

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In the late 1970's the allocation of resources for the Soviet military was not only at the expense of the Soviet consumer. It came even at the expense of industrial investment on which the long-term development of the economy depends. This decision to mortgage the industrial future of the country is a striking demonstration of the inordinate value the Soviets assign to maintaining the momentum of the relentless military buildup underway since the mid-1960's. This buildup consumed an estimated annual average of at least 12 percent of Soviet GNP throughout this entire period, and has recently consumed even more as a result of the sharp decline in Soviet economic growth. During much of this same period, as you know, the share of our own GNP devoted to defense spending has actually declined.

-- <u>The second disturbing development is the unconstructive Soviet involvement, direct and indirect, in unstable areas of the Third World</u>. Arms have become a larger percentage of Soviet exports than of the export trade of any other country. The Soviets have too often attempted to play a spoiling or scavenging role in areas of concern to us, most recently in the Middle East.

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Beyond this, the Soviets in the 70's broke major new ground in the kinds of foreign military intervention they were willing to risk for themselves or their surrogates. This has escalated from the provision of large numbers of military advisers, to the more extensive and aggressive use of proxy forces as in Angola, Ethiopia, and Indochina, and finally to the massive employment of the Soviet Union's own ground troops in the invasion of Afghanistan. In this way, the Soviet Union has tried to block peaceful solutions and has brought East-West tensions into areas of the world that were once free of them.

-- Third is the unrelenting effort to impose an alien Soviet "model" on nominally independent Soviet clients and allies. One of the most important recent achievements in East-West relations was the negotiation of the Helsinki Final Act, with its pledges concerning human rights and national independence in Europe. Poland's experience in the past two years can be considered a major test of the Soviet Union's respect -- or lack of it -- for these commitments. Moscow clearly remains unwilling to countenance meaningful national autonomy for its satellites, let alone real independence.

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Elsewhere in the world, the coming to power of Soviet-supported regimes has usually meant (as in Afghanistan) the forcible creation of Soviet-style institutions and the harsh regimentation and repression of free expression and free initiative -- all at enormous human, cultural, and economic cost.

-- Fourth is Moscow's continuing practice of stretching a series of treaties and agreements to the brink of violation and beyond. The Soviet Union's infringement of its promises and legal obligations is not confined to isolated incidents. We have had to express our concerns about Soviet infractions on one issue after another -- human rights and the Helsinki Final Act, "yellow rain" and biological warfare. We are becoming increasingly concerned about Soviet practices -- including the recent testing of ICBMs -- that raise questions about the validity of their claim of compliance with existing SALT agreements. Little else is so corrosive of international trust as this persistent pattern of Soviet behavior.

II. The American Response: Beyond Containment and Detente

This assessment of Soviet international behavior both dictates the approach we must take to East-West relations, and indicates the magnitude of the task.

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-- If we are concerned about the Soviet commitment to military power, we have to take steps to restore the military balance, preferably on the basis of verifiable agreements that reduce arms on both sides, but if necessary through our own and allied defense programs.

-- If we are concerned about the Soviet propensity to use force and promote instability, we have to make clear that we will resist encroachments on our vital interests and those of our allies and friends.

-- If we are concerned about the loss of liberty that results when Soviet clients come to power, then we have to ensure that those who have a positive alternative to the Soviet model receive our support.

-- Finally, if we are concerned about Moscow's observance of its international obligations, we must leave Moscow no opportunity to distort or misconstrue our own intentions. We will defend our interests if Soviet conduct leaves us no alternative; at the same time we will respect legitimate Soviet security interests and are ready to negotiate equitable solutions to outstanding political problems.

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In designing a strategy to meet these goals, we have, of course, drawn in part on past strategies, from containment to detente. There is, after all, substantial continuity in US policy, a continuity that reflects the consistency of American values and American interests. However, we have not hesitated to jettison assumptions about US-Soviet relations that have been refuted by experience or overtaken by events.

Consider how the world has changed since the Truman Administration developed the doctrine of containment. Soviet ambitions and capabilities have long since reached beyond the geographic bounds that this doctrine took for granted. Today Moscow conducts a fully global foreign and military policy that places global demands on any strategy that aims to counter it. Where it was once our goal to contain the Soviet presence within the limits of its immediate postwar reach, now our goal must be to advance our own objectives, where possible foreclosing and when necessary actively countering Soviet challenges wherever they threaten our interests.

The policy of detente, of course, represented an effort to induce Soviet restraint. While in some versions it recognized the need to resist Soviet geopolitical encroachments, it also hoped that the anticipation of benefits from expanding economic relations and arms control agreements would restrain Soviet behavior.

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Unfortunately, experience has proved otherwise. The economic relationship may have eased some of the domestic Soviet economic constraints that might have at least marginally inhibited Moscow's behavior. It also raised the specter of a future Western dependence on Soviet-bloc trade that would inhibit Western freedom of action towards the East more than it would dictate prudence to the USSR. Similarly, the SALT I and SALT II processes did not curb the Soviet strategic arms buildup, while encouraging many in the West to imagine that security concerns could now be placed lower on the agenda.

Given these differences from the past, we have not been able merely to tinker with earlier approaches. Unlike containment, our policy begins with the clear recognition that the Soviet Union is and will remain a global superpower. In response to the lessons of this global superpower's conduct in recent years, our policy, unlike some versions of detente, assumes that the Soviet Union is more likely to be deterred by our actions that make clear the risks their aggression entails than by a delicate web of interdependence.

Our policy is not based on trust, or on a Soviet change of heart. It is based on the expectation that, faced with demonstration of the West's renewed determination to strengthen its defenses, enhance its political and economic cohesion, and oppose adventurism, the Soviet Union will see restraint as its most attractive, or only, option.

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Perhaps, over time, this restraint will become an ingrained habit; perhaps not. Either way, our responsibility to be vigilant is the same.

III. Programs to Increase Our Strength

In a rapidly evolving international environment, there are many fundamental ways the democratic nations can, and must, advance their own goals in the face of the problem posed by the Soviet Union. We must build a durable political consensus at home and within the Atlantic Alliance on the nature of the Soviet challenge. We must strengthen our defenses and those of our allies. We must build a common approach within the Alliance on the strategic implications of East-West economic relations. And we must compete peacefully and even more effectively with the USSR for the political sympathies of the global electorate, especially through the promotion of economic dynamism and democracy throughout the World. Finally, we must continue rebuilding America's moral-spiritual strength. If sustained over time, these policies can foster a progressively more productive dialogue with the Soviet Union itself.

Building Consensus. From the beginning of this Administration, the President recognized how essential it was to consolidate a new consensus, here at home and among our traditional allies and friends.

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After fifteen years in which foreign policy had been increasingly a divisive issue, he believed we had an opportunity to shape a new unity in America, expressing the American people's recovery of self-confidence. After the trauma of Vietnam, he sought to bolster a realistic pride in our country and to reenforce the civic courage and commitment on which the credibility of our military deterrent ultimately rests.

The President also felt that the possibility of greater cooperation with our allies depended importantly on a reaffirmation of our common moral values and interests. There were, as well, opportunities for cooperation with friendly governments of the developing world and new efforts to seek and achieve common objectives.

Redressing the Military Balance. President Reagan also began a major effort to modernize our military forces. The central goal of our national security policy is deterrence of war; restoring and maintaining the strategic balance is a necessary condition for that deterrence. But the strategic balance also shapes, to an important degree, the global environment in which the United States pursues its foreign policy objectives. Therefore, decisions on major strategic weapons systems can have profound political as well as military consequences.

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As Secretary of State I am acutely conscious of the strength or weakness of American power and its effect on our influence over events. Perceptions of the strategic balance are bound to affect the judgments of not only our adversaries but also our allies and friends around the world who rely on us. As leader of the democratic nations, we have an inescapable responsibility to maintain this pillar of the military balance which only we can maintain. Our determination to do so is an important signal of our resolve, and is essential to sustaining the confidence of allies and friends and the cohesion of our alliances. This is why the Congress's support of the Peacekeeper ICBM program has been such a valuable contribution to our foreign policy, as well as to our defense.

At the same time, we have begun an accelerated program to strengthen our conventional capabilities. We are pursuing major improvements of our ground, naval, and tactical air forces; we have also added a new Central Command in the Middle East that will enhance our ability to deploy forces rapidly if threats to our vital interests make this necessary. To deter or deal with any future crisis, we need to maintain both our conventional capabilities and our strategic deterrent.

We are also working closely with our allies to improve our collective defense.

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As shown in the security declaration of the Williamsburg Summit and in the North Atlantic Council communique of just the other day, we and our allies are united in our approach in the INF negotiations in Geneva and remain on schedule for the deployment of Pershing II and ground-launched cruise missiles. That deployment will take place as planned unless we are able to reach a balanced and verifiable agreement at Geneva which makes deployment unnecessary.

Upgrading NATO's conventional forces is, of course, a collective Alliance responsibility. At the NATO summit in Bonn a year ago, the President and the leaders of the Atlantic Alliance reaffirmed that a credible conventional defense is essential to ensuring European security. We and our allies will continue our efforts toward this goal. At the same time, we have taken steps to ensure a more equitable sharing of the burden of that defense. As a measure of the value of such steps, we estimate that last year's agreement with the FRG on host-nation support will cost about 10 percent of what it would cost to provide the same capability with US reserves or 3 percent of what it would cost to provide that capability with active forces.

The Soviets apparently believe they can weaken or divide the Western Alliance if they can dominate outlying strategic areas and resources.

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To deter threats to our vital interests outside of Europe, we are developing our ability to move forces, supported by our allies, to key areas of the world such as Southwest Asia. The allies are also working with us to contribute to stability and security in certain volatile areas, including Lebanon and the Sinai.

In Asia we are modernizing our forces and are working with our allies, especially Japan and Korea, to improve their ability to fulfill agreed roles and missions.

Reassessing the Security Implications of East-West Economic Relations. The balance of power cannot be measured simply in terms of military forces or hardware; military power rests on a foundation of economic strength. Thus, we and our allies must not only strengthen our own economies but we must also develop a common approach to our economic relations with the Soviet Union that takes into account our broad strategic and security interests. In the past, the nations of the West have sometimes helped the Soviets to avoid difficult economic choices by allowing them to acquire militarily relevant technology and subsidized credits. Possible dependence on energy imports from the Soviet Union is another cause for concern.

In the past year, we have made substantial progress toward an allied consensus on East-West trade. The Williamsburg Summit declaration stated clearly:

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"East-West economic relations should be compatible with our security interests." The NATO communique two days ago made a similar statement. Our allies agree with us that trade which makes a clear and direct contribution to the military strength of the Soviet Union should be prohibited. There is also general agreement that economic relations with the USSR should be conducted on the basis of a strict balance of mutual advantages.

Studies undertaken under NATO and OECD auspices have for the first time laid the groundwork for common analyses. We expect in time to draw common policy conclusions from these studies. The communique of the OECD ministerial meeting on May 9-10 declared that "East-West trade and credit flows should be guided by the indications of the market. In the light of these indications, Governments should exercise financial prudence without granting preferential treatment." The United States seeks agreement that we not subsidize Soviet imports through the terms of government credits. Beyond this, we urge other Western governments to exercise restraint in providing or guaranteeing credit to the Soviet Union, allowing the commercial considerations of the market to govern credit.

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Similarly, at the IEA ministerial meeting in Paris on May 8, it was agreed that security concerns should be considered among the full costs of imported energy, such as gas; it was agreed that countries "would seek to avoid undue dependence on any one source of gas imports and to obtain future gas supplies from secure sources, with emphasis on indigenous OECD sources."

The fruitful cooperative discussions of these issues at the OECD, IEA, Williamsburg, and NATO are only a beginning. Economic relationships are a permanent element of the strategic equation. How the West should respond economically to the Soviet challenge will and should be a subject of continuing discussion in Western forums for years to come.

Peace and Stability in the Third World. Since the 1950's, the Soviet Union has found in the developing regions of the Third World its greatest opportunities for extending its influence through subversion and exploitation of local conflicts. A satisfactory East-West military balance will not by itself close off such opportunities. We must also respond to the economic, political, and security problems that contribute to these opportunities. Our approach has four key elements:

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-- First, in the many areas where Soviet activities have added to instability, we are pursuing peaceful diplomatic solutions to regional problems, to raise the political costs of Soviet-backed military presence and to encourage the departure of Soviet-backed forces. Our achievements in the Middle East, while far from complete, are addressed to this goal; we are actively encouraging ASEAN efforts to bring about Vietnamese withdrawal from Kampuchea; we strongly support the worldwide campaign for Soviet withdrawal from Afghanistan; and we have made considerable progress toward an internationally acceptable agreement on Namibia. In our own hemisphere, we are working with other regional states in support of a peaceful solution to the conflict and instability in Central America.

-- Second, we are building up the security capabilities of vulnerable governments in strategically important areas. We are helping our friends to help themselves and to help each other. For this purpose, we are asking the Congress for a larger, more flexible security assistance program for FY 84.

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-- Third, our program recognizes that economic crisis and political instability create fertile ground for Soviet-sponsored adventurism. We are seeking almost $4 billion in economic assistance to help developing countries lay the basis for economic and social progress. We are seeking congressional approval to raise IMF quotas and broaden IMF borrowing arrangements to address critical financial needs of some of the largest Third World nations. We urge the Congress to approve the full amount requested by the Administration toward meeting the US commitment to the IDA.

-- Finally, there is the Democracy Initiative, an effort to assist our friends in the Third World to build a foundation for democracy. It is patronizing to assume that the peoples of the developing world do not have the same aspirations for liberty and democracy that peoples in the industrialized West are fortunate enough to enjoy. Therefore we are seeking ways to assist unions, political parties, journalists and other groups that are striving to build pluralistic societies and democratic institutions. As we pursue critical security goals in areas as close to home as Central America, we continue to encourage, indeed to insist, that democratization and respect for human rights be part of the process.

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To the extent that our involvement there is constrained by Congressional action, I must say, these very objectives are harmed the most.

IV. Negotiation and Dialogue: The US-Soviet Agenda

Together these programs increase our political, military and economic strength and help create an international climate in which opportunities for Soviet adventurism are reduced. They are essential for the success of the final element of our strategy -- engaging the Soviets in an active and productive dialogue on the concrete issues that concern the two sides. Strength and realism can deter war, but only direct dialogue and negotiation can open the path toward lasting peace.

In this dialogue, our agenda is as follows:

-- to seek improvement in Soviet performance on human rights;

-- to reduce the risk of war, reduce armaments through sound agreements, and ultimately ease the burdens of military spending;

-- to manage and resolve regional conflicts; and

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-- to improve bilateral relations on the basis of reciprocity and mutual interest.

This is a rigorous and comprehensive agenda, and our approach to it is principled, practical, and patient. We have pressed each issue in a variety of forums, bilateral and multilateral. We have made clear that the concerns we raise are not ours alone, but are shared by our allies and friends in every region of the globe. We have made clear that each of our concerns is serious, and the Soviets know that we do not intend to abandon any of them merely because agreement cannot be reached quickly, or because agreement has been reached on others.

Let me briefly review the state of our dialogue in each of these areas.

Human rights is a major issue on our agenda. To us it is a matter of real concern that Soviet emigration is at its lowest level since the 1960's, and that Soviet constriction of emigration has coincided with a general crackdown against all forms of internal dissent. The Helsinki monitoring groups have all been dispersed and their leaders have been imprisoned or expelled from the country. And the Soviet Union's first independent disarmament group has been harassed and persecuted.

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We address such questions both multilaterally and bilaterally. In such forums as the UN Human Rights Commission, the International Labor Organization, and especially the Review Conference of CSCE, we have made clear that human rights cannot be relegated to the margins of international politics. Our Soviet interlocutors have a different view; they seek to dismiss human rights as a "tenth-rate issue," not worthy of high-level attention.

But our approach will not change. Americans know that national rights and individual rights cannot realistically be kept separate. We believe, for example, that the elements of the postwar European "settlement" that were adopted by the parties to the Helsinki Final Act in 1975 form an integral whole; no one part will survive alone. Guided by this conviction, we and our allies have held at the Madrid Review Conference that movement in one "basket" of this settlement -- such as the convening of a European disarmament conference -- must be matched by progress in other "baskets," especially human rights.

We insist on this balance because we believe that international obligations must be taken seriously by the governments that assume them. But there is also a deeper reason that directly concerns the question of security.

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In Europe, as elsewhere, governments that are not at peace with their own people are unlikely to be on good terms with their neighbors. The only significant use of military force on the continent of Europe since 1945 has been by the Soviet Union against its East European "allies." As long as this unnatural relationship continues between the USSR and its East European neighbors, it is bound to be a source of instability in Europe.

We have been just as concerned about human rights issues on a bilateral as on a multilateral basis. The need for steady improvement of Soviet performance in the most important human rights categories is as central to the Soviet-American dialogue as any other theme. Sometimes we advance this dialogue best through public expressions of our concerns, at other times through quiet diplomacy. What counts, and the Soviets know this, is whether we see results.

Arms Control. We believe the only arms control agreements that count are those that provide for real reductions, equality, verifiability, and enhanced stability in the East-West balance. Success in our negotiations will not, of course, bring East-West competition to an end. But sustainable agreements will enable us to meet the Soviet challenge in a setting of greater stability and safety.

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The United States is now applying these principles in an ambitious program of arms control negotiations including INF, START, MBFR, and the on-going discussions in the UN Committee on Disarmament in Geneva. If we can reach a balanced agreement in the CSCE at Madrid, we would be prepared to participate also in a conference on disarmament in Europe.

No previous administration has put so many elements of the East-West military equation on the negotiating table. You are aware of the US position in the various talks, so I need not go into great detail. I will, however, touch on the main points.

In the Strategic Arms Reductions Talks (START), the United States has focused on the most destabilizing strategic systems -- land-based ballistic missiles. Our objective is to strengthen deterrence while enhancing strategic stability through reductions. The President has proposed reductions in ballistic missile warheads by one-third. In presenting a comprehensive proposal, he has indicated that all strategic weapons are "on the table." Although our respective positions are far apart, the Soviets apparently accept the proposition that an agreement must involve significant reductions. This is progress. We have recently undertaken a full review of the US position, which included an assessment of the Scowcroft Commission's recommendations and some thoughtful suggestions from the Congress.

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One week ago, the President announced that he is willing to raise the deployed-missile ceiling in accordance with the Scowcroft recommendations. He also announced that he has given our negotiators new flexibility to explore all appropriate avenues for achieving reductions. It is now up to the Soviet Union to reciprocate our flexibility.

We have also tabled a draft agreement on confidence-building measures that calls for exchange of information and advance notification of ballistic missile launches and major exercises. We want to move forward promptly to negotiate separate agreements on these very important measures, which would enhance stability in a crisis as well as symbolizing the common interest in preventing war. Yet another effort to prevent misperception of military activities on either side, and thus to lower the risk of war, is the President's recent proposal to expand and upgrade crisis communications between Washington and Moscow. Here, too, we hope for early agreement.

In the negotiations on Intermediate-Range Nuclear Forces (INF), "equal rights and limits" between the United States and the Soviet Union is one of our key principles. President Reagan's proposal of November 1981 sought to achieve the complete elimination of those systems on each side about which the other side has expressed the greatest concern -- that is, longer-range, land-based INF missiles.

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We still regard this as the most desirable outcome. Yet after more than a year of talks, the Soviets continue to resist this equitable and effective solution. In fact, their position has not substantially changed since it was first put forth nearly a year ago. The proposal made by Mr. Andropov last December would allow the Soviet Union to maintain its overwhelming monopoly of longer-range INF missiles while prohibiting the deployment of even one comparable US missile.

In an effort to break this stalemate, the President has proposed an interim agreement as a route to the eventual elimination of LR INF systems. Under such an agreement, we would reduce the number of missiles we plan to deploy in Europe if the Soviet Union will reduce the total number of warheads it has already deployed to an equal level. This would result in equal limits for both sides on a global basis. Reflecting the concerns of our Asian allies and friends, we have made it clear that no agreement can come at their expense. We hope that in the current round of negotiations the Soviets will move to negotiate in good faith on the President's proposal, which was unanimously supported by our partners at the Williamsburg Summit.

In the Mutual and Balanced Force Reductions (MBFR) talks in Vienna, NATO and the Warsaw Pact are discussing an agreement on conventional forces in Central Europe, the most heavily armed region of the world, where Warsaw Pact forces greatly exceed NATO's.

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Last year, the President announced a new Western position in the form of a draft treaty calling for substantial reductions to equal manpower levels. Although the Soviets and their allies have agreed to the principle of parity, progress has been prevented by inability to resolve disagreement over existing Warsaw Pact force levels and by problems of verification.

In the 40-nation Committee on Disarmament in Geneva, the United States has introduced a far-reaching proposal for a comprehensive ban on chemical weapons -- an agreement which would eliminate these terrible weapons from world arsenals. This initiative has been vigorously supported by our allies and friends, as well as many nonaligned nations. Our emphasis on the importance of mandatory on-site inspections has been widely applauded. An independent, impartial verification system, observed by and responsive to all parties, is essential to create confidence that the ban is being respected.

In other areas, we have proposed to the Soviet Union improvements in the verification provisions of two agreements to limit underground nuclear testing. So far the Soviet response has been negative. We have also initiated a dialogue with the Soviets in one area where our respective approaches very often coincide: nuclear non-proliferation.

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We should not anticipate early agreement in any of these negotiations. The Soviets have their own positions, and they are tough, patient negotiators. But we believe that our positions are fair and even-handed and that our objectives are realistic.

Regional Issues. Important as it is, arms control has not been -- and cannot be -- the dominant subject of our dialogue with the Soviets. We must also address the threat to peace posed by the Soviet exploitation of regional instability and conflict. Indeed, these issues -- arms control and political instability -- are closely related: the increased stability that we try to build into the superpower relationship through arms control can be undone by irresponsible Soviet policies elsewhere. In our numerous discussions with the Soviet leadership, we have repeatedly expressed our strong interest in reaching understandings with the Soviets that would minimize superpower involvement in conflicts beyond their borders.

The list of problem areas is formidable, but we have insisted that regional issues are central to progress. We have made clear our commitment to relieve repression and economic distress in Poland, to achieve a settlement in Southern Africa, to restore independence to Afghanistan, to end the occupation of Kampuchea and to halt Soviet- and Cuban-supported subversion in Central America.

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In each instance, we have conveyed our views forcefully to the Soviets in an attempt to remove the obstacles that Soviet conduct puts in the way of resolving these problems.

Last year, for example, Ambassador Hartman conducted a round of exploratory talks on Afghanistan between US and Soviet officials in Moscow. Any solution to the Afghanistan problem must meet four requirements: complete withdrawal of Soviet forces, restoration of Afghanistan's independent and non-aligned status, formation of a government acceptable to the Afghan people, and honorable return of the refugees. This is not the view of the United States alone. These principles underlie the discussions now underway under the auspices of the UN Secretary General, which we support.

On Southern African problems, Assistant Secretary Crocker has held a number of detailed exchanges with his Soviet counterpart. Southern Africa has been a point of tension and periodic friction between the United States and the Soviet Union for many years. We want to see tensions in the area reduced. But this more peaceful future will not be achieved unless all parties interested in the region show restraint, external military forces are withdrawn, and Namibia is permitted to achieve independence.

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If the Soviets are at all concerned with the interests of Africans, they should have an equal interest in achieving these objectives.

As in our arms control negotiations, we have made it absolutely clear to the Soviets in these discussions that we are not interested in cosmetic solutions. We are interested in solving problems fundamental to maintenance of the international order.

It is also our view that Soviet participation in international efforts to resolve regional conflicts -- in Southern Africa or the Middle East, for example -- depends on Soviet conduct. If the Soviets seek to benefit from tension and support those who promote disorder, they can hardly expect to have a role in the amelioration of those problems. Nor should we expect them to act responsibly merely because they gain a role. At the same time, we have also made it clear that we will not exploit, and in fact are prepared to respond positively to, Soviet restraint. The decision in each case is theirs.

Bilateral Relations. The final part of our agenda with the Soviets comprises economic and other bilateral relations. In our dialogue, we have spelled out our view of these matters in a candid and forthright way.

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As we see it, economic transactions can confer important strategic benefits and we must be mindful of the implications for our security. Therefore, as I have already indicated, we believe economic relations with the East deserve more careful scrutiny than in the past. But our policy is not one of economic warfare against the USSR. East-West trade in non-strategic areas -- in the words of the NATO communique -- "conducted on the basis of commercially sound terms and mutual advantage, that avoids preferential treatment of the Soviet Union, contributes to constructive East-West relations."

Despite the strains of the past few years in our overall relationship, we have maintained the key elements in the structure for bilateral trade. We have recently agreed with the USSR to extend our bilateral fisheries agreement for one year and have begun to negotiate a new long-term US-Soviet grain agreement. Our grain sales are on commercial terms and are not made with government-supported credits or guarantees of any kind.

As for contacts between people, we have cut back on largely symbolic exchanges, but maintained a framework of cooperation in scientific, technical, and humanitarian fields. A major consideration as we pursue such exchanges must be reciprocity. If the Soviet Union is to enjoy virtually unlimited opportunities for access to our free society, US access to Soviet society must increase.

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We have made progress toward gaining Soviet acceptance of this principle as is indicated by the airing in Moscow this past weekend of an interview with Deputy Secretary Dam.

Eight bilateral cooperative agreements are now in effect, and exchanges between the Academies of Science continue, as do exchanges of young scholars and Fulbright fellows. America Illustrated magazine continues to be distributed in the Soviet Union in return for distribution here of Soviet Life, in spite of the absence of a cultural exchanges agreement. Toward the private sector we have maintained an attitude of neither encouraging nor discouraging exchanges, and a steady flow of tourists and conference participants goes on in both directions. The number of US news bureaus in Moscow has actually increased in the last year.

V. Prospects

It is sometimes said that Soviet-American relations are "worse than ever." This Committee's staff, for example, has made such a judgment in a recent report. Certainly the issues dividing our two countries are serious. But let us not be misled by "atmospherics," whether sunny or, as they now seem to be, stormy.

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In the mid-50's, for example, despite the rhetoric and tension of the Cold War -- and in the midst of a leadership transition -- the Soviet Union chose to conclude the Austrian State Treaty. It was an important agreement, which contributed to the security of Central Europe, and it carries an important lesson for us today. The Soviet leadership did not negotiate seriously merely because Western rhetoric was firm and principled, nor should we expect rhetoric to suffice now or in the future. But adverse "atmospherics" did not prevent agreement; Soviet policy was instead affected by the pattern of Western actions, by our resolve and clarity of purpose. And the result was progress.

There is no certainty that our current negotiations with the Soviets will lead to acceptable agreements. What is certain is that we will not find ourselves in the position in which we found ourselves in the aftermath of detente. We have not staked so much on the prospect of a successful negotiating outcome that we have neglected to secure ourselves against the possibility of failure. Unlike the immediate post-war period, when negotiating progress was a remote prospect, we attach the highest importance to articulating the requirements for an improved relationship and to exploring every serious avenue for progress. Our parallel pursuit of strength and negotiation prepares us both to resist continued Soviet aggrandizement and to recognize and respond to positive Soviet moves.

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We have spelled out our requirements -- and our hope -- for a more constructive relationship with the Soviet Union. The direction in which that relationship evolves will ultimately be determined by the decisions of the Soviet leadership. President Brezhnev's successors will have to weigh the increased costs and risks of relentless competition against the benefits of a less tense international environment in which they could more adequately address the rising expectations of their own citizens. While we can define their alternatives, we cannot decipher their intentions. To a degree unequaled anywhere else, Russia in this respect remains a secret.

Her history, of which this secrecy is such an integral part, provides no basis for expecting a dramatic change. And yet it also teaches that gradual change is possible. For our part, we seek to encourage change by a firm but flexible US strategy, resting on a broad consensus, that we can sustain over the long term whether the Soviet Union changes or not. If the democracies can meet this challenge, they can achieve the goals of which President Reagan spoke at Los Angeles: both defend freedom and preserve the peace.

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